



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Natural Resources
Division of Oil, Gas and Mining

BRIAN C. STEED
Executive Director

JOHN R. BAZA
Division Director

Date

(Bank Name)

(Address)

Attention: _____ (Bank Acct. Rep., Branch Manager, etc.) _____
_____ (phone)

Subject: Reclamation Surety, Certificate of Deposit for _____'s, (Company Name)
_____ Mine Site, _____ (OGM mine file #),
_____ County, Utah

Certificate of Deposit no. _____; Principal Amount \$ _____.

This letter describes the mutually agreed upon instructions of the below signed parties to
_____ Bank ("Bank"), regarding the control, redemption, and
release of Bank's above-described certificate of deposit ("CD"), which is being used as a financial
guarantee by the State of Utah, Division of Oil, Gas & Mining (Division) and the Bureau of Land
Management (BLM) to guarantee the availability of reclamation funds for the _____
_____ mine site ("Mine Site"), _____ County, Utah.

It is the intention of the parties that the CD be utilized as a guarantee that \$ _____
_____ in reclamation funds will be available the Division and the BLM upon demand in the
event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine
site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by _____, a _____ <type of
company> but it is held by Bank for the benefit of the Division and the BLM and is subject to the terms

and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed as provided for hereinafter, or released by both the Director of the Division and the authorized officer of the BLM. Failure of Owners to fulfill the obligations specified by the Mined Land Reclamation Act and the Federal Land Policy and Management Act (collectively, the “Acts”) and their implementing regulations, and in accordance with the specifications of Operator’s Notice of Intention and BLM notice or plan of operations (the “Authorized Operations”), may result in forfeiture of this CD in accordance with the applicable statutes and regulations. Bank hereby acknowledges the pledge of the aforesaid CD to the Division and agrees to record the information in the bank’s written and electronic records of book entry. Further, the bank acknowledges and agrees that it shall hold the moneys represented by the CD as a custodian and agent for the Division and the BLM and shall be liable to the Division and the BLM for any and all losses to the principal amount of the aforesaid CD caused in any manner whatsoever during the terms of this agreement. This letter grants approval by _____(name of operator) for the bank to provide CD information to the Division and the BLM any time an inquiry is made via telephone, email, or letter.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of Director of the Division or authorized officer of the BLM to the Bank. Upon the instruction and demand of the Director of the Division or the authorized office of the BLM, the full principal amount of the CD shall be transferred to the Division or the BLM as indicated in the written instruction or demand. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director’s or the BLM’s instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners’ control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Division and the BLM may redeem the CD.



The Secretary of the Interior, acting through the BLM, may unilaterally institute proceedings to redeem this CD by taking any appropriate action provided for the 43 C>F>R> Part 3809. Alternatively, the Division and the BLM may take the following steps to redeem this CD in the event Operator fails to fulfill the obligations of the Acts and their implementing regulations or otherwise violates the terms of the Authorized Operations:

- (1) The BLM will notify the Division that certain actions by Operator have resulted in an enforcement action taken by the BLM pursuant to its regulations at 43 C>F>R> Part 3809 that may affect the authorization of Operator to continue its authorized operations or that otherwise provide a basis under these regulations for the BLM to require redemption of this CD;
- (2) The BLM will request that the Division take such actions to redeem this CD in accordance with the applicable provisions of the Utah Minerals Regulatory Program as consequence of the BLM enforcement action; and
- (3) Upon receiving such a request from the BLM, the Division will take such action to redeem this CD as permitted by the Utah Minerals Regulatory Program or shall promptly advise the BLM if there is no basis under the Utah Minerals Regulatory Program to take such action. If the Secretary of the Interior causes this CD to be redeemed, either through unilateral action or by request of the Division as described in this paragraph, the Division will take such actions as permitted by the Utah Minerals Regulatory Program, including obtaining an alternative financial guarantee from Operator.

Release:

The Bank shall release the CD only upon the written instruction of both the Director of the Division and the authorized officer of the BLM to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner(s), or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest accrued by the CD shall be (1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or (2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less



Date

Subject

than \$ _____. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: _____

Type the Name & Title of Company Authorized Officer here
Type the Company Name here
Tax ID Number: _____

Date: _____

Type the Name and Title of Bank Authorized Officer here
Type the Name of Bank here

Date: _____